

Debt Service Assumptions

Revenue Assumptions:

Current property taxes...

- In 2001 and 2002 will grow at 9.3 percent and 4 percent annually, slowing to 3 percent annually in 2003 and beyond. No change in the taxing rate is assumed.
- are heavily affected in the current year by annexation activity.
- assume a 10-mill levy for all years.

Delinquent tangible property tax...

- (for prior years) is projected at 2.0 percent (historical average) of current property taxes levied.

Payments in lieu of property tax (PILOT)...

- are based on the City share of these payments from outstanding industrial revenue bonds.

Current special assessments (SAs)...

- for 2000 and thereafter are the actual special assessments certified, less any advance or prepayments, as of December 31, 1999.
- assume a 5 percent delinquency rate.
- will change as new assessments are issued and as owners opt for advance payment of assessments.

Prepaid special assessments...

- are from the City's payment schedules for these assessments, as of March 31, 2000.

Delinquent special assessments...

- (for prior years) are estimated based on the historical relationship (3.5 percent) to total current and new special assessments.

Payments in lieu of special assessments (PILOSA)...

- are developed by the Finance Department for GO/SA debt service paid directly by the Water, Sewer, and Airport utilities.

Utility delinquent special assessments...

- are paid by the Water, Sewer, and Storm Water utilities.
- are for unpaid general obligation assessments related to water and sewer projects.

New special assessment revenues...

- are projected to cover debt service (principal and interest) payments for new special assessment projects, less 5 percent delinquency.
- relate to debt service payment schedule assumptions below, under "Expenditure Assumptions."

Motor vehicle property taxes...

- for 2001 are budgeted at 5 percent based on estimates provided by the Sedgwick County Clerk, as authorized by State statute.
- are projected first as one total amount, then allocated to the General Fund and the Debt Service Fund.
- fluctuate between the General Fund and the Debt Service Fund because of the state allocation formula, which relates to the prior (budget) year share of the current property tax levy for each fund.

Interest earnings...

- are based on an assumed investment earnings rate (5 percent) relative to unencumbered fund balance and other total (current) revenues in the Debt Service Fund.

City Hall parking/rent revenues...

- are based on utilization of the City Hall parking facility pursuant to estimates provided by the Property Management division.

Transfers in...

- from the Tourism and Convention Fund and the Tax Increment Financing Districts are based on debt service schedules developed by the Department of Finance for general obligation projects related to these funds.
- for local sales tax (LST) projects include the amounts for actual (current) debt service (principal and interest).
- support debt service for the previous sales tax bond issues in 1992 and 1996 for \$25 million and \$50 million, respectively.

Expenditure assumptions:

(GO) general obligation debt service...

- is based on actual payment schedules for current GO debt funded by property tax and special assessments.

GO/LST (local sales tax) debt service...

- reflects the actual debt service schedule for current general obligation debt funded by the local sales tax.

Fiscal agent/other...

- represents an estimate of bond issuance costs based on 0.1 percent of debt service for all current GO (paid by property tax, SAs and LST).

Temporary note repayment...

- represents a source available for pay-as-you-go financing.
- fluctuates to maintain fund balance equivalent to five percent of annual revenues.

New GO debt service paid from property tax...

- is estimated as the debt service (principal and interest payments) needed to fund approved and potential projects.
- (for projection purposes) assumes payments spread over a 10-year period at a 5.8 percent cost (computed annually) on outstanding principal; assumes commencement with one interest payment for six months of bond issuance, and principal payment beginning in the year following.

New special assessment debt service...

- is estimated as the principal and interest needed for special assessment projects of \$12.4 million annually.
- (for projection purposes) assumes payments are spread over a 15-year period at a 5.8 percent cost (computed annually) on outstanding principal; assumes commencement of debt service with one interest payment from six to 12 months after bond issuance, depending on certification to the County, and principal payments beginning in the year following.

Fund balance (December 31)...

- on December 31, 2000, is projected to be \$3.0 million or 4.88 percent of fund revenues.

Legal Debt Limit Compliance Assumption:

- The City will at all times comply with the legal debt limit, as outlined in Kansas statute 10-308. Bonded indebtedness is not to exceed 30 percent of the sum of taxable tangible property valuation and motor vehicle assessed valuation within the jurisdiction.
- The legal debt limit is calculated below.

Statement of Legal Debt Margin As of August 1, 2000

1999 Tangible Valuation	\$1,898,996,282
1999 Motor Vehicle Property Assessed Value	<u>314,398,354</u>
Equalized tangible valuation for computation of bonded indebtedness limitations	<u>\$2,213,394,636</u>
Debt limit (30% of \$2,213,394,636)	<u>\$664,018,391</u>
Bonded indebtedness	341,225,365
Temporary notes	<u>20,030,000</u>
Total Net Debt	<u>361,255,365</u>
Less exemptions allowed by law:	
Airport	9,060,450
Sewer Improvements	51,896,716
Park Improvements	5,307,836
Sales Tax	30,000,000
Storm Water Drainage Utility	<u>8,615,000</u>
Total deductions allowed by law	<u>104,880,002</u>
Legal debt applicable to debt margin	<u>256,375,363</u>
Legal debt margin	<u>\$407,643,028</u>
